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Energy Bill Reactions Mixed

Cleantech groups say the just-approved U.S. energy bill is a step in the right direction. A small step.

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The clean-energy industry on Monday had mixed reactions to the national energy bill passed by the U.S. House and the Senate last week.

The bill includes $14.5 billion in energy tax incentives, including $2.6 billion for oil and gas industries; $3.1 billion for renewable energies like wind, solar, and hydropower; and $1.3 billion for conservation measures, including up to $3,400 for hybrid cars and up to $500 for energy-efficient home appliances, windows, and insulation.

It invests $2.9 billion in cleaner-burning coal and $2 billion in nuclear power plants, and authorizes $10 million to promote commuting by bike, and $200 million to research and develop bio-based fuels.

Among more than 1,700 pages of provisions, the bill also extends daylight-savings time by one month, sets reliability standards for utilities designed to prevent blackouts, sets efficiency standards for home appliances, and requires 7.5 billion gallons of ethanol and biodiesel—nearly double the current amount—to be added to gasoline annually by 2012.

The bill now goes to President George W. Bush, who is expected to sign it.

> ‘The bill should be dubbed *The Great Mistake*.’
> -Roy McAlister, CleanPeace

In response to the bill, the WilderHill Clean Energy Index, an index of clean-energy stocks, rose to $171.69 in recent trading. That marks a rise of $2.44 from Friday and a whopping $23.84 increase since the Senate began debating the measure on June 14.

Several clean-energy organizations said the bill does more for clean energy than the original House bill passed in April, which included $8 billion in incentives for fossil fuel-based and renewable energies.

The Solar Energy Industries Association lauded the bill as “the strongest national policy for solar power in two decades.” The bill provides a tax credit for 30 percent of the cost of solar-energy systems, up to a maximum of $2,000.

“These tax credits will bring solar power costs over the tipping point in many areas of the country," said SEIA President Rhone Resch. "Now solar comes with a more affordable price tag, and more consumers will take a step toward energy independence by choosing solar power. That means cleaner air, more jobs, and greater energy security for all."

The American Coalition for Ethanol and the Biotechnology Industry Organization praised the provision to boost ethanol and biodiesel, domestically produced fuels made mostly from crops like corn and soy in the United States.

Jim Greenwood, CEO of the biotech association, said using biotech to convert crops to energy could eventually grow bioethanol production to 25 percent of the transportation fuel needed in the U.S., "a big step toward enhancing national security."

But the newly passed bill falls short of the $18 billion approved by the Senate in June, and that has disappointed others in the industry.

Some of the missing elements include mandates to reduce oil demand, to set miles-per-gallon standards for vehicles, and to require 10 percent of electricity to be generated from renewable sources by 2020.

Critical View

Roy McAlister, co-president of CleanPeace, a nonprofit in favor of replacing fossil fuels with hydrogen, said the bill's oil, gas, coal, and nuclear subsidies don't reduce the country's dependence on Middle Eastern oil, improve the environment, reduce global warming, or encourage the use of American's abundant renewable energy.

"Congress' energy bill amounts to little more than a Big Oil boondoggle and a multibillion-dollar giveaway to giant energy corporations," he said. "It continues short-changing abundant solar resources and it fails to equalize subsidies and policy advantages between depletable energy and undepletable energy. The bill should be dubbed *The Great Mistake*."

The American Council for an Energy-Efficient Economy said the bill does make progress, but misses the big targets, reducing oil use estimated in 2020 by less than 0.05 percent, and cutting total U.S. electricity use by less than 3 percent in 2020. In comparison, the earlier Senate bill would have quadrupled the total energy savings and saved 15 times as much oil, the council said.

"This bill leaves American consumers and the economy with no real relief," said Bill Prindle, deputy director of the council. "Unless Congress tackles these issues in a tougher way, the nation will continue to suffer economic damage from high energy prices, geopolitical instability from oil dependence, and environmental deterioration."

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